



Building Pent-Up Demand

*The makings of
pent-up demand*

All the talk currently surrounding Utah, and also the nation, is about the current economic downturn. Questions remain unanswered as to how deep the job contraction will be, and for how long this will last. Let's assume that this downturn is so drastic that a new economic world order results. If that is the case, then the rules will have changed and all bets are off. But if it's just another economic downturn (albeit a bad one), then things will eventually return to the old order.

In that respect, Utah's future looks bright. This article is not trying to be Pollyanna, for this current downturn is quite serious, but eventually this business trough will go away. There are few places I would rather be economically than in Utah. One major reason will be Utah's building pent-up demand for goods and services. We don't know how long this downturn will be, but the longer it drags out, the more pent-up demand results. When

the market turns, that demand should fuel above-average economic growth.

The irony is that construction will lead the way—yes, the same construction industry that is currently leading us into this downturn. When the economic variables fall back into place, construction will lead the employment rebound.

Population growth, we know, is also a factor in this equation. It has a direct influence upon economic activity. Population growth produces economic growth. Utah was recently ranked as the state with the highest population growth over the past year. One year of pent-up demand doth not an economic boom make, but it's likely we will hold this ranking again next year, while the economy will continue to be sluggish. So now we're talking about two to three years of good population growth (last year, this year, next year) in the face of a sluggish economy. Sounds like the makings of pent-up demand. ●



Did You Know...

- Job losses spreading beyond Utah's struggling construction industry pushed the state's unemployment rate to a 43-month high in December...
http://www.sltrib.com/ci_11501217
- Home prices fell in 34 U.S. states in 2008, yet rose in Utah by 1.5 percent.
http://www.sltrib.com/ci_11556069
- Utah today has a \$1 billion-a-year ski industry that provides 18,000 jobs, features 13 resorts attracting more than four million visitors annually. http://www.sltrib.com/business/ci_11473204

Population growth produces economic growth—will this create pent-up demand in Utah?